```
1
    Andrew H. Wilson, SBN #063209
    WILSON, RYAN & CAMPILONGO
 2
    115 Sansome St., 4th Floor
   San Francisco, California 94104
 3
    (415) 391-3900
    Telefax: (415) 954-0938
 4
    Laurie J. Bartilson, SBN #139220
 5
    MOXON & BARTILSON
    6255 Sunset Boulevard, Suite 2000
    Hollywood, CA 90028
    (213) 960-1936
    Telefax: (213) 953-3351
 8
    Attorneys for Plaintiff
    CHURCH OF SCIENTOLOGY
 9
    INTERNATIONAL
10
                SUPERIOR COURT OF THE STATE OF CALIFORNIA
11
                          FOR THE COUNTY OF MARIN
12
                                       ) CASE NO. 157 680
13
    CHURCH OF SCIENTOLOGY
    INTERNATIONAL, a California not-
14
    for-profit religious corporation, ) [CONSOLIDATED]
15
                                         CHURCH OF SCIENTOLOGY
                                         INTERNATIONAL'S MEMORANDUM
16
                                         OF POINTS AND AUTHORITIES
                   Plaintiff,
                                         IN SUPPORT OF MOTION FOR
17
                                         TERMINATING OR EVIDENTIARY
                                         SANCTIONS AGAINST DEFENDANT
         VS.
18
                                         GERALD ARMSTRONG
                                         [C.C.P. \S 2023(b)(3),(4)]
    GERALD ARMSTRONG, et al.,
20
                                                April 28, 1995
                                         DATE:
                                         TIME:
                                                9:00 a.m.
21
                   Defendants.
                                         DEPT:
22
                                         TRIAL DATE: May 18, 1995
23
24
25
26
27
```

28

# TABLE OF CONTENTS

2	TITL	<u>E</u>	PAGE
3	TMTD	ODUCTION	. 4
4			
5		EMENT OF FACTS	. 2
6	A.	Armstrong's History of Refusals To Appear For Deposition And Answer Questions	. 2
7	в.	Armstrong's Latest Refusal To Complete His Deposition .	. 5
8	c.	Armstrong's Additional Discovery Abuses	. 8
9	D.	Armstrong's Further Delaying, Bad Faith Litigation Tactics	. 8
LO	<b>ADM</b> C	TRONG MUST BE SANCTIONED FOR HIS FAILURE TO COMPLY	
1		DISCOVERY	10
L2	CONC	LUSION	13
13			
4			
L5			
16			
L7			
8			
19			
20			
21			
22			
23			
24			
25			
26			
27			
28			
0			

- 1	
1	TABLE OF AUTHORITIES
2	<u>CASE</u> <u>PAGE</u>
3	Calvert Fire Insurance Co. v. Cropper (1983) 141 Cal.App.3d 901, 190 Cal.Rptr. 593 10
5	(1992) 7 Cal.App.4th 27, 9 Cal.Rptr.2d 396
7	<u>Waicis v. Superior Court</u> (1990) 226 Cal.App.3d 283, 276 Cal.Rptr. 45
8	OTHER
10	C.C.P. § 2023
11	
12	
13	
14	
15	
16	
17	
18	
19	
20	
21	
22	
23	
24	
25	
26	
27	
28	

#### INTRODUCTION

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

26

27

28

Plaintiff, Church of Scientology International ("the Church"), has been trying to prepare these combined cases and bring them to trial for more than three years. The response from defendant Gerald Armstrong has been to interpose delay after delay after delay. Now, on the eve of trial, Armstrong has refused to allow the Church to complete discovery, defied the Referee's order that he appear to permit the Church to complete his deposition, and insisted that he cannot even set a new date for his deposition because a "spiritual condition" has caused him to have a "psychological incapacitation." [Ex. A to Exhibit 1, Declaration of Laurie J. Bartilson, Letter of March 21, 1995.] While claiming this psychological disability, Armstrong simultaneously appeared at a discovery deposition of another witness, and even cross-examined him. At that deposition's conclusion, however, he refused to submit to his own deposition, and refused to even discuss resetting it for another date. [Bartilson Dec. ¶ 9.]

Armstrong's latest abuse of the pre-trial process comes at the end of a long string of deliberate delaying tactics, frivolous filings, and bad faith refusals to respond to discovery. All in all, Armstrong has delayed the trial of this matter by 636 days. Enough is enough. The Church asks this Court to exercise its powers pursuant to Code of Civil Procedure Section 2023(b)(4)(D), and issue a terminating sanction granting the Church default judgment against Armstrong on the consolidated complaints at issue herein, or, in the alternative, to issue an order pursuant to C.C.P. §2023(b)(3) preventing Armstrong from

testifying on behalf of any defendant as a witness at the trial of this matter.

## STATEMENT OF FACTS

# A. Armstrong's History of Refusals To Appear For Deposition And Answer Questions

The Church has been trying to take, and complete, Mr.

Armstrong's deposition in this case for more than three years.

Armstrong's pattern of delay and obstruction demonstrates a callous disregard for the discovery process, and a certainty that he, of all litigants, is immune from the Court's powers of sanction:

- \* On March 6, 1992, the Church noticed Armstrong's deposition for March 18, 1992, prior to the scheduled hearing on preliminary injunction, which was set for March 20, 1992. [Ex. B, Notice, to Exhibit 1, Declaration of Laurie J. Bartilson.] Later on March 6, Armstrong issued a notice of deposition for one Martin Samuels, also set for March 18, 1992. [Ex. C.] On March 9, Armstrong cancelled the deposition that he had noticed, and refused to appear for his own deposition, now claiming that he would not be available on March 18. [Ex. D, Letter from Ford Greene.] Armstrong resisted all efforts by plaintiff's counsel to obtain even a half day of deposition prior to the hearing. [Ex. E, Letters from Wilson];
- \* On March 23, 1992, CSI again noticed Armstrong's deposition, this time for April 3, 1992. [Ex. F.] On April 1, 1992, Armstrong again unilaterally refused to appear for deposition, claiming that he did not have to appear because the case had been transferred to the Los Angeles Superior Court, but

did not yet have a judge. [Ex. G, Letter of April 1, 1992];

- \* On April 16, 1992, CSI again noticed Armstrong's deposition for May 7, 1992. [Ex. H.] Two days before the scheduled date, Armstrong raised an untimely objection, claiming that the notice had inadvertently left out the time for the commencement of the deposition, and refused to appear. [Ex. I, Objection; Ex. J, Wilson Letter of May 6, 1992];
- \* On June 2, 1992, CSI noticed Armstrong's deposition a fourth time, this time for June 15, 1992. [Ex. K, Notice.]

  Armstrong refused to appear on June 15, but agreed to appear on June 24, 1992;
- \* Armstrong finally appeared for an initial day of deposition on June 24, 1992. He produced no documents, however, objecting to the Church's document request, and insisting that the Church pay him thousands of dollars for him to search his archives and produce responsive documents. [Ex. L, Armstrong letters of June 12, 1992 and June 20, 1992.] He left at 4:30, refusing to resume the next day, and rescheduled for June 30.

  [Ex. M, GA Depo., Vol. I, pp. 174-178];1
- \* On June 29, Armstrong informed CSI that he would not appear for deposition on June 30 because the Armstrong Corporation was now a defendant in the case, and he was "looking for counsel." [Ex. N, Wilson Letter of June 30] The

References to the deposition of Gerald Armstrong appear as "GA Depo., Vol. \_\_, pp. \_\_ - \_\_."

<sup>&</sup>lt;sup>2</sup> According to Armstrong, the Gerald Armstrong Corporation "possesses a number of Gerald Armstrong's artistic and literary works, possesses rights to a number of his inventions and rights to certain formulas, and is in the business of bringing peace and (continued...)

deposition was rescheduled for July 21 and 22. [Ex. O, Wilson letter of July 6, 1992.] Armstrong "forgot" to appear on July 21. [Ex. P, Bartilson letter of August 2, 1992.] When he appeared on July 22, he and the corporation were both represented by Mr. Greene. After a short day of deposition, they left, again without providing any definite dates on which they would reappear. [Ex. Q, GA Depo., Vol. II, pp. 291-293];

- \* Armstrong finally reappeared for deposition on October 7 and 8, 1992, but refused to answer dozens of relevant questions concerning matters alleged in the complaint. [Ex. R, Separate Statement in Support of Motion to Compel];
- \* On January 6, 1993, after Armstrong refused to meet and confer over the dispute, the Church brought a motion to compel Armstrong to answer the questions he had refused to answer. [Ex. S, Motion.] Typically, Armstrong's first response was to attempt to put over the hearing on the motion, using the excuse that his attorney was ill. [Ex. T, Greene letter of February 9, 1993.] Finally, on February 19, 1993, that motion was granted in its entirety. [Ex. U, Transcript of Proceeding, p. 5];
- \* On March 10, 1993, Armstrong's deposition resumed.

  Armstrong again refused to answer many of the questions which

  Judge Horowitz had already ordered him to answer, this time

  claiming a different privilege. [E.g., Ex. V, GA Depo. Vol. V,

exploiting its assets for commercial and peaceful purposes." [Ex. Q, GA Depo. Vol. II, p. 266:15-20.] Armstrong is its president; he claims also to be "the senior baker" and "the senior vice president for contests and awards." [Id. 265:25-266:5.] In short, the corporation is a sham device used by Armstrong to shelter his documents and assets.

pp. 567-571, 575-578, and 582-589.] Armstrong arrived at the deposition at 11:10 a.m., and left at 3:25. [Id., p. 624.]

\* On March 23, 1993, before the Church had time to bring another motion to compel Armstrong's deposition or for sanctions, Armstrong obtained a stay of the entire action in Los Angeles, pending resolution of his appeal of the preliminary injunction.

## B. Armstrong's Latest Refusal To Complete His Deposition

The stay was lifted in the action in Los Angeles on June 6, 1994. The Church re-set Armstrong's deposition for August, 1994, hoping to complete it. [Ex. W.] Finally, Armstrong appeared for an additional 9 hours of deposition in August, 1994, and 5 hours of deposition in October, 1994. Once again, Armstrong refused to answer many questions that were obviously relevant, including questions on subjects concerning which he had already been ordered by Judge Horowitz to answer. Rather than set yet another date for the deposition, plaintiff once again moved to compel.

[Ex. X, Moving Papers, Second Motion to Compel.]

The motion to compel was heard by the discovery referee, Mr. Benz, on January 27, 1995. During the course of the hearing, the referee granted 7 of the Church's 9 requests to compel answers, and ordered Mr. Armstrong to reappear for deposition in front of the Referee. The deposition was set to continue on March 9, 1995. [Ex. Y, Notice.]

On March 9, 1995, Armstrong appeared for his deposition, but insisted on leaving at 3:30 p.m. [Bartilson Dec., ¶ 2.] Before the referee, the parties agreed to resume the deposition on Wednesday, March 22, 1995. [Id.] At the time Armstrong left the deposition, the Church's counsel had not yet finished asking him

the questions which had been the subject of the motion to compel or reasonable follow-up questions. [ $\underline{\text{Id}}$ .,  $\P$  3.] The remaining questions dealt specifically with breaches of the contract that are alleged in the first through twentieth causes of action of plaintiff's complaint.

On March 21, 1995, Church attorney Laurie Bartilson received a telefaxed letter from Armstrong. Armstrong stated that "[d]ue to a spiritual condition which I am unable to control resulting in a psychological incapacitation" he could not proceed with either his own deposition, set for March 22, 1995, or that of witness Jerry Solfvin, set for March 23, 1995. [Ex. A.] Armstrong offered no alternative dates, but requested that Ms. Bartilson "contact [him] in a few days to see if these depositions can be rescheduled." [Id.]

Ms. Bartilson called Armstrong, and informed him that his letter was insufficient to excuse him from the properly noticed and long overdue deposition. Armstrong replied that he would not appear because of his "spiritual and psychological incapacitation." [Id., ¶ 5.] Ms. Bartilson asked Armstrong if his doctor or psychiatrist would attest to Armstrong's claimed "incapacitation." Armstrong replied that he had no treating doctor or psychiatrist, but that he simply felt that his mind was not functioning properly. [Id.] Ms. Bartilson asked Armstrong if his memory was impaired, and Armstrong stated that it was not. Ms. Bartilson reminded Armstrong of the lengthy history of delays connected with his deposition, and stated that she intended to appear in northern California the next day for the deposition. Armstrong hung up on Ms. Bartilson. [Id.]

Hearing nothing further from Armstrong, Ms. Bartilson travelled to Larkspur for the deposition. Armstrong did not appear, although Ms. Bartilson called him from Mr. Benz's office and informed him that all were present and waiting for him. [Ex. Z, Transcript of Proceedings, March 22, 1995.] Armstrong lives and works in San Anselmo, just a short distance from Mr. Benz's office. He refused, however, to appear. [Bartilson Dec., ¶ 6.] The Referee, William R. Benz, found on the record that Armstrong's letter was insufficient justification for his failure to appear. He also ordered that the deposition of the witness, Jerry Solfvin, proceed as noticed the next day, March 23. [Id, ¶ 7.] Armstrong was given notice of these rulings.

Armstrong appeared the next day at Mr. Solfvin's deposition. He greeted Mr. Solfvin enthusiastically, and then became morose as soon as the Referee entered the room. [Id., ¶ 8.] During the deposition, Armstrong alternately took notes, and looked bored. When Ms. Bartilson finished questioning Mr. Solfvin, Armstrong, in pro per, promptly cross-examined Mr. Solfvin. [Id., ¶ 9.] His cross-examination was appropriate, thoughtful, and not marked by any emotional outbursts or other indicia of psychological malaise. Thereafter, Ms. Bartilson attempted to obtain Armstrong's agreement to either complete his deposition immediately, as all were present, or to set a future date. Armstrong refused, and ran out of the room. [Id.]<sup>3</sup>

Before leaving, Armstrong gave Ms. Bartilson a letter from "anti-cult" psychologist Margaret Singer dated March 22, 1995, in which Ms. Singer states that in her "professional opinion" Armstrong had been "undergoing a psychological crisis" in his life, and shouldn't be deposed "at this time." [Ex. AA.] Ms. (continued...)

## C. Armstrong's Additional Discovery Abuses

Armstrong has not limited his abuse of discovery to a refusal to appear for and conclude his deposition. During the course of this case he has:

- + Refused for 9 months to provide documents in response to proper document requests, alternatively claiming that the documents were privileged, in the hands of "the Gerald Armstrong Corporation," and too expensive to search for [Ex. CC];
- + Refused to respond at all to requests for written discovery, propounded in August, 1994 [Ex. DD];
- + Prevented the plaintiff from taking the deposition of key witness Larry Wollersheim for the past 7 months [Ex. EE];
- + Claimed that attorney Michael Flynn was a key witness to his defense, but prevented plaintiff from obtaining Mr. Flynn's deposition [Ex. FF];
- + Refused to respond to relevant written discovery requests in the fraudulent conveyance action, forcing plaintiff to bring a motion to compel further responses [Ex. GG];
- + Propounded 1150 special interrogatories which the Referee found were not relevant to the subject matter of the action or reasonably calculated to lead to the discovery of admissible evidence [Ex. HH].
- D. Armstrong's Further Delaying, Bad Faith Litigation Tactics

  Armstrong's attempts to derail and delay this case have not

<sup>&</sup>lt;sup>3</sup>(...continued)
Bartilson confirmed the letter with Singer, who stated that she had seen Armstrong for about 2 1/2 hours on March 22, and based her opinion on the fact that "everything was going wrong in his life." [Bartilson Dec., ¶ 10.] Dr. Singer's deposition has been set for April 10, 1995. [Ex. BB.]

been limited to the discovery arena. All told, Armstrong has asked for more than 18 continuances or delays in proceeding, obtaining a record 636 days of delay. His imaginative reasons for needing these delays included:

Attorney Greene had a medical condition; attorney Greene had a conflict in another case; attorney Morantz was ill and could only work two hours a day; attorney Greene needed more time to prepare; his copier malfunctioned; attorney Greene was on vacation; attorney Greene wanted to go on vacation; Greene expected to be in trial; and Armstrong had no computer.

Over the past three years, the Church has brought 7 substantive motions. In response to every single one of these motions, Armstrong asked for a continuance of the hearing date, or a delay in filing his opposition papers. The Church eventually prevailed on six of the substantive motions.<sup>4</sup>

In addition, Armstrong filed duplicative, frivolous cross-complaints in both the Los Angeles and the Marin action, forcing the Church to bring demurrers and motions for summary adjudication in order to remove them from the case [Ex. II, Orders.]

And, of course, throughout this litigation, Armstrong has continued to blatantly breach the agreement, insisting that he alone of all citizens is not bound to keep the promises he has made. [See, Plaintiff's motion for summary adjudication of the twentieth cause of action and evidence filed in support thereof].

24 ///

25 ///

26 ///

Demurrer to the cross-complaint was overruled in the breach case, but the Church prevailed on summary judgment.

ARMSTRONG MUST BE SANCTIONED FOR HIS FAILURE TO COMPLY

WITH DISCOVERY

C.C.P. § 2023 provides, in part:

- (a) Misuses of discovery process include, but are not limited to, the following: . . .
- (4) Failing to respond or to submit to an authorized method of discovery . . .
- (7) Disobeying a court order to provide discovery.

\* \* \*

- (b) (3) The court may impose an evidence sanction by an order prohibiting any party engaging in the misuse of the discovery process from introducing designated matters in evidence.
- (4) The court may impose a terminating sanction by one of the following orders: . . .
- (D) An order rendering a judgment by default against that party.

This Court has broad discretion to impose discovery sanctions, subject to reversal only for "arbitrary, capricious, or whimsical action." Do It Urself Moving & Storage, Inc. v.

Brown, Leifer, Slatkin & Berns (1992) 7 Cal.App.4th 27,36, 9

Cal.Rptr.2d 396. There are only two elements absolutely required for an imposition of sanctions: (1) a failure to comply and (2) the failure must be wilful. Calvert Fire Insurance Co. v.

Cropper (1983) 141 Cal.App.3d 901, 904, 190 Cal.Rptr. 593.

as found by the Referee, without sufficient justification. [Ex. X.] Further, his final refusal to appear at all was merely the culmination of literally <u>years</u> of wilful noncompliance with deposition notices and Court orders requiring that he appear and answer, rather than evade, questions.

Armstrong's refusal to appear for deposition was wilful and,

Court's have consistently responded to patterns of discovery obstruction like Armstrong's with evidentiary or terminating sanctions. For example, in <u>Calvert Fire Insurance Co.</u>, <u>supra</u>, the defendant served the plaintiff with interrogatories in April, 1979. When, after numerous extensions and one fruitless motion to compel, the plaintiff still had not responded to the interrogatories by January, 1980, the trial court dismissed the complaint as a discovery sanction. The Court of Appeal found that this was well within the trial court's discretion.

Similarly, in <u>Do It Urself</u>, <u>supra</u>, the plaintiffs obtained a

Similarly, in <u>Do It Urself</u>, <u>supra</u>, the plaintiffs obtained a continuance of the trial date on the basis that an audit, claimed to be necessary to prove their damages, would not be completed in time for the trial. Plaintiffs were given the continuance on the condition that they provide the results of the audit to defendants in discovery. Months later, the defendants discovered that the audit had never been completed. They sought and received evidentiary sanctions to the effect that plaintiff could put on no accounting evidence in support of its claim. Plaintiff argued to the Court of Appeal that the evidentiary sanction was too harsh, because it had the effect of being a terminating sanction. The Court of Appeal upheld the sanction as well within the discretion of the trial court, noting that "imposition of a lesser sanction would have permitted plaintiffs to benefit from their stalling tactics." 9 Cal.Rptr.2d at 401.

In <u>Waicis v. Superior Court</u> (1990) 226 Cal.App.3d 283, 276 Cal.Rptr. 45, the court had to deal with a situation, like this one, in which a witness refused to appear for deposition, despite multiple reschedulings for his convenience, and finally was

ordered to appear. On the day of the deposition, the witness, like Armstrong here, unilaterally announced that he had a personal appointment, and walked out of the deposition before it had been completed. The witness in <a href="Waicis">Waicis</a> was plaintiff's expert witness; the court, in exasperation, ordered that the witness be excluded from testifying on the plaintiff's behalf. The Court of Appeal upheld the sanction, noting that a witness does not have "the right to unilaterally terminate a deposition at his convenience," 276 Cal.Rptr. at 48, and that the sanction was imposed not merely because the witness left the deposition early, but because of "the <a href="pattern">pattern</a> of the <a href="waicis">[witness]'s</a> conduct," <a href="maicis">id</a>. (emphasis in original). In so holding, the Court found that,

It is an affront to the orderly and expeditious disposition of cases for any witness, especially an expert witness, to be so uncooperative. Dr. Frankel's conduct smacks of game playing. The main complaint about our system of the administration of justice in civil cases is the delay in bringing cases to trial. The trial court must exercise its inherent and statutory powers to prevent abuse of the system which causes delay.

276 Cal.Rptr. at 48.

Here, Armstrong's conduct displays a pattern of creating delay that is more extensive than the delay obtained in any of these cases. Armstrong has successfully prevented this case from going to trial for more than three years. Now, by claiming "psychological incapacitation," he obviously hopes to increase the delay still further. The time has come to end Armstrong's "game playing" with the judicial system. His latest wilful refusal to be deposed is the "last straw" in an unvarying pattern of misconduct.

The Church seeks a sanction which is appropriate to the

magnitude of Armstrong's pattern of delay and obstruction: entry of default judgment on both the breach and fraudulent conveyance claims. Given the degree to which Armstrong's misconduct permeates every aspect of this litigation, the requested sanction is both necessary and appropriate.

#### CONCLUSION

Defendant Gerald Armstrong has used this Court, and the Los Angeles Superior Court, as his playground for three years, complying with discovery when and if he felt like it, refusing to respond to discovery at his whim, and seeking delay after delay after delay. The Code of Civil Procedure provides this Court with the power and the tools to end this abuse. Plaintiff requests that the Court enter an Order granting the Church default judgment on each of its remaining claims or, in the alternative, providing that defendant Gerald Armstrong may not testify as a witness on behalf of any defendant at the trial of this action.

Dated: March 28, 1995

Respectfully submitted,

BOWLES & MOXON

Andrew H. Wilson WILSON, RYAN, & CAMPILONGO

Attorneys for Cross-Defendant CHURCH OF SCIENTOLOGY

INTERNATIONAL

#### PROOF OF SERVICE

STATE OF CALIFORNIA )
) ss.
COUNTY OF LOS ANGELES )

I am employed in the County of California, State of California. I am over the age of eighteen (18) years and not a party to the within action. My business address is 6255 Sunset Boulevar, Suite 2000, Hollywood, CA 90028.

On March 28, 1995, I served the foregoing document described as CHURCH OF SCIENTOLOGY INTERNATIONAL'S MEMORANDUM OF POINTS AND AUTHORITIES IN SUPPORT OF MOTION FOR TERMINATING OR EVIDENTIARY SANCTIONS AGAINST DEFENDANT GERALD ARMSTRONG on interested parties in this action,

- [ ] by placing the true copies thereof in sealed envelopes as stated on the attached mailing list;
- [X] by placing [ ] the original [X] true copies
  thereof in sealed envelopes addressed as follows:

GERALD ARMSTRONG
715 Sir Francis Drake Blvd.
San Anselmo, CA 94960-1949

MICHAEL WALTON
700 Larkspur Landing Circle
Suite 120
Larkspur, CA 94939

## [X] BY MAIL

- [ ] \*I deposited such envelope in the mail at Los Angeles, California. The envelope was mailed with postage thereon fully prepaid.
- [X] As follows: I am "readily familiar" with the firm's practice of collection and processing correspondence for mailing. Under that practice it would be deposited with U.S. postal service on that same day with postage thereon fully prepaid at Los Angeles, California in the ordinary course of business. I am aware that on motion of party served, service is presumed invalid if postal cancellation date or postage meter date is more

than one day after date of deposit for mailing an affidavit.

Executed on March 28, 1995 at Los Angeles, California.

[ ] \*\*(BY PERSONAL SERVICE) I delivered such envelopes by hand to the offices of the addressees.

Executed on \_\_\_\_\_\_, at Los Angeles, California.

[X] (State) I declare under penalty of the laws of the State of California that the above is true and correct.

[ ] (Federal) I declare that I am employed in the office of a member of the bar of this court at whose direction the service was made,

Laurie J. Bartilson Print or Type Name

Signature

\* (By Mail, signature must be of person depositing envelope in mail slot, box or bag)

\*\* (For personal service signature must be that of messenger)